

ARIZONA STATE BOARD OF ACCOUNTANCY

OPEN SESSION MINUTES

January 7, 2008

Members of the Arizona State Board of Accountancy held a meeting at 8:25 a.m. on Monday, January 7, 2008 at the Accountancy Board Office in Suite 165, 100 N. 15th Avenue, Phoenix, Arizona. Executive Sessions were held from 8:59 a.m. to 9:49 a.m. and from 11:03 a.m. to 11:10 a.m.

BOARD MEMBERS:

Marianne E. DeVries, CPA	President
Patrick J. Ramirez	Treasurer
James E. May.....	Secretary
☉ Debbi Fitzgerald, CPA	Member
Gary W. Fleming, CPA	Member
*☉ Samuel L. Fogleman, CPA	Member
✕ Earl R. Shivers, CPA.....	Member

*☉ Arrived at 8:28 a.m.

☉ Arrived at 8:30 a.m.

✕ Absent

OTHERS PRESENT:

Valerie M. Elliott	Executive Director
Jim Dubé	Deputy Director
☉ Daniel R. Christl, Esq.	Assistant Attorney General
Ryan P. Edmonson.....	Programs & Projects Specialist II
Yolanda M. Barajas	Administrative Assistant III
Elena N. Frausto.....	Administrative Assistant III

☉ Arrived at 8:27 a.m.

GUESTS PARTICIPATING:

Adela Jimenez, CPA.....	ASCPA, Director of Finance and Administration
Charlotte Hargreaves	Arizona Society for Practicing Accountants

The meeting was called to order at 8:25 a.m. by Marianne E. DeVries, President. The following order of business was then considered:

OPEN SESSION

CALL TO THE PUBLIC

No one wished to address the Board.

MINUTES

December 10, 2007 Board Meeting

A motion was made by James E. May, seconded by Gary W. Fleming and passed to approve the Open Session Minutes from the December 10, 2007 Board meeting.

A motion was made by Gary W. Fleming, seconded by James E. May and passed to approve the Executive Session Minutes from the December 10, 2007 Board meeting.

DECLARATION OF CONFLICTS OF INTEREST

Gary W. Fleming, CPA declared a conflict on Arnold L. Moore of the consent agenda.

Samuel L. Fogleman, CPA declared a conflict on Amanthi Dinuka Dias Abeyesinghe of the consent agenda.

Debbi Fitzgerald, CPA declared conflicts on Daniel Robert Gaudreau, David A. Poisson, Matthew David Collins & Colin Donald Malchow of the consent agenda.

EXECUTIVE DIRECTOR'S REPORT

Valerie M. Elliott, Executive Director, gave an update to the Board on the budget, performance measurements and agency operations.

PRESIDENT'S REPORT

Marianne E. DeVries, President asked Adela Jimenez, CPA from Arizona Society of Certified Public Accounting to provide an update regarding the mobility legislation.

CONSENT AGENDA

(The Board may pull any of the following items off the consent agenda to take individual action.) Board discussion and legal action on the following items:

Due to a conflict, Gary W. Fleming requested Arnold L. Moore be pulled from the consent agenda and voted on separately.

Board staff requested Tax Zone USA, LLC be pulled out from the consent agenda.

Valerie M. Elliott, Executive Director provided an update to the Board and requested that Charles F. Nettell 4262-E be pulled from the consent agenda and voted on separately.

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Due to a conflict, Samuel L. Fogleman requested Amanthi Dinuka Dias Abeyesinghe be pulled from the consent agenda and voted on separately.

Due to conflicts, Debbi Fitzgerald requested Daniel Robert Gaudreau, David A. Poisson, Matthew David Collins & Colin Donald Malchow be pulled from the consent agenda and voted on separately.

A motion was made by Samuel L. Fogleman, seconded by Patrick J. Ramirez and passed to accept the following consent agenda:

- a. Recommended for Registration of Professional Corporation for the following Applicants - (Meets the requirements of A.R.S. § 32-734):
Donald A. Reeves Jr., CPA PC TJM CPA PC
Partner: Donald A. Reeves Jr 14783-R Partner: Timothy J. Metz 6315-R

Professional Bean Counters PC
Partner: Jay Allan Varcoe 11014-R
- b. Recommended for Registration of LLC/PLLC/LLP's for the following Applicants (Meet the requirements of A.R.S. § 32-735):
Ricardo Jaramillo CPA LLC Sue Bustamante, CPA, PLLC
Partner: Ricardo Jaramillo 6471-E Partner: Sue Bustamante 10491-E

Steven M. Bate CPA PLLC
Partner: Steven M. Bate 14273-E

David P. Meese Jr CPA LLP Accounting & Small Business Solutions LLC
Partner: David P Meese 5193-E Partner: Salmah Anne Buchmeier 10614-E
- c. Recommended for Firm Name Change:
Kathy M. Coleman CPA PC
Kathy M. Cernak CPA PC 2177-C
Partner: Kathy M. Cernak 7817-E
- d. Request for Firm Cancellation – Do not wish to renew:
Catherine M. Laganosky CPA PLLC 1124-L
Schneider, Haney, Brengi & Jordan PLLC 2887-L
- e. Recommended for Cancellation of Certificate per registrant's request not to renew:
Sharon C. McKinley 6834-E
Deanna J. Walker 7823-E

Paul R. Neville 6213-R
Lee Ann Kalaba 11198-E

- f. Recommended for Reissuance of Certificate because of Name Change:
Kathy M. Cernak (Coleman) 7817-E
Tomoko E. Coles (Davis) 11678-E
Kerre Speiser (Laabs) 14184-R
Holly R. Lien (Engelhart) 13342-R
- g. Recommendation of the Peer Review Oversight Advisory Committee for approval of the following firms in compliance with A.A.C. R4-1-454:
- | | |
|--------------------------------------|---------------------------------------|
| Becker, Linda M. PC 557-C | Cranney, Lynn H., CPA 4907-S |
| Davis, Diane M., CPA 4928-S | De Benedetti, Allen F., CPA PC 2248-C |
| Handwerk, Richard PLLC 2565-L | Hanson, David A. CPA 4116-S |
| Hummel, Charles L., CPA PC 681-C | Hunter Hagan & Company, LTD. 430-C |
| Jurgens, William M. 4161-S | Kent, Larry C., CPA PC 2331-C |
| Mitchell & Roediger, CPA'S LLP 810-P | Rader & Lambson PLLC 545-C |
| Romek, Sanders & Co PC 701-C | Lundering, J. Todd, CPA PC 889-C |
- h. Approval of Candidates who have passed the Uniform CPA Examination:
- | | |
|---------------------------------|-------------------------|
| Elwin Allen Browning | Nichole Rane Cerny |
| Mrunalini Harshavardhan Chitale | Lyudmila Y. Eisenman |
| Eric James Deutsch | Doris Fung |
| Brenda Brooks Diccico | John B. Guba |
| Kelly Jo Foster | Bridget Kathleen Harper |
| Derek Andrew Hampshire | Leigh Hewer |
| Joshua Allen Haskett | Katie Lynn Holter |
| Breeann Elizabeth Hillman | Donald R. Ignace |
| Adam Mark Hughes | Yong S. Kim |
| Lydia Ketcher | Trista A. Loops |
| Mark David Lay | E. Chad Lund |
| Joli Johnson Lovett | Patrick James Meier |
| Lesley Elizabeth Lynn | Kristen Son Mun |
| Megan Marie Mandel | Byung Gun Oh |
| Brian Roy Morrow | Joseph Scott Palfreeman |
| John Chapman Noble | Trenton Steven Porter |
| Andrew Thomas Omer | Jeffrey Scott Renn |

Eric Alan Rant

Troy C. Smith

Jason David Tobak

Wesley Olin Trimble

Troy Kenneth Vigil

Jeffrey William Welter

Thomas Lamar Steele

Christopher Thomas Todaro

Janee Marie Van Egmond

Kelli Lynn Wallace

Kelly Ann Worle

Shaun Michael Wurtz

CONSENT AGENDA

A motion was made by Samuel L. Fogleman, seconded by Patrick J. Ramirez and passed to approve the following consent agenda item:

15-b Recommended for Registration of LLC/PLLC/LLP's for the following Applicants
Meet the requirements of A.R.S. § 32-735):

Arnold L. Moore CPA's PLC
Partners: Arnold L. Moore 1370-E
Carole Abughazaleh 13127-E

Gary W. Fleming declared a conflict and did not vote.

A motion was made by Samuel L. Fogleman, seconded by Gary W. Fleming and passed to approve the following consent agenda item:

15-e Recommended for Cancellation of Certificate per registrant's request not to
renew:

Charles Nettell F. 4262-E

A motion was made by James E. May, seconded by Gary W. Fleming and passed to approve the following consent agenda item:

15-h Approval of Candidates who have passed the Uniform CPA Examination:

Amanthi Dinuka Dias Abeyesinghe

Samuel L. Fogleman declared a conflict and did not vote.

A motion was made by Samuel L. Fogleman, seconded by Patrick J. Ramirez and passed to approve the following consent agenda items:

15-h Approval of Candidates who have passed the Uniform CPA Examination:

Daniel Robert Gaudreau, David A. Poisson, Matthew David Collins & Colin
Donald Malchow

Debbi Fitzgerald declared conflicts and did not vote.

EXECUTIVE SESSION

A motion was made by Samuel L. Fogleman, seconded by Patrick J. Ramirez and passed to go into Executive Session at 8:59 a.m. to seek legal advice and review confidential material pursuant to A.R.S. § 38-431.03(A)(2)(3) and (4).

After consideration in Executive Session, the Board reconvened in Open Session at 9:49 a.m.

COMMITTEE RECOMMENDATIONS – COMPLAINT/INITIAL ANALYSIS FILES

File No. 2007.064

A motion was made by James E. May, seconded by Samuel L. Fogleman and passed to accept the Tax Practice Committee's recommendation to open an investigation file.

File No. 2007.098

A motion was made by James E. May, seconded by Samuel L. Fogleman and passed to accept the Tax Practice Committee's recommendation to open an investigation file.

File No. 2007.123

A motion was made by James E. May, seconded by Samuel L. Fogleman and passed to accept the Tax Practice Committee's recommendation to close the complaint file, no violations of professional standards.

File No. 2008.008

A motion was made by James E. May, seconded by Samuel L. Fogleman and passed to accept the Tax Practice Committee's recommendation to offer a Decision and Order (by Consent) for the registrant to pay a civil penalty of \$500.00 for failure to respond timely to the complaint.

File No. 2008.009

A motion was made by James E. May, seconded by Samuel L. Fogleman and passed to accept the Tax Practice Committee's recommendation to close the complaint file, no violations of professional standards.

File No. 2008.021

File No. 2008.022

File No. 2008.027

File No. 2008.028

A motion was made by James E. May, seconded by Samuel L. Fogleman and passed to accept the Tax Practice Committee's recommendation to close the complaint files, no violations of professional standards.

COMMITTEE RECOMMENDATIONS – INVESTIGATION FILES

File Nos. 2007.075 & 2007.110

A motion was made by James E. May, seconded by Samuel L. Fogleman and passed to remand the files back to the Accounting and Auditing Standards Committee's for review of the draft Decision and Order (by Consent).

File No. 2008.012

A motion was made by James E. May, seconded by Samuel L. Fogleman and passed to accept the Tax Practice Committee's recommendation to close the investigation file.

COMMITTEE RECOMMENDATIONS - PEER REVIEW

File No. 2008.036

A motion was made by James E. May, seconded by Samuel L. Fogleman and passed to accept the Peer Review Oversight Advisory Committee's recommendation to issue an Administrative Letter of Concern, as amended in executive session.

RESPONSE TO OFFERED DECISION & ORDER (BY CONSENT)

File No. 2007.015

A motion was made by James E. May, seconded by Samuel L. Fogleman and passed to remand the file back to the Tax Practice Committee's to reconcile the differences between the investigator's report and the registrant's response to the offered Decision and Order (by Consent).

File No. 2008.003

A motion was made by James E. May, seconded by Samuel L. Fogleman and passed to remand the file back to the Peer Review Oversight Advisory Committee to reconcile the differences between the offered Decision and Order (by Consent) and the firm's response.

ITEMS FOR BOARD REVIEW, DISCUSSION AND LEGAL ACTION

Board to Review Compliance or Non-Compliance with Decision & Orders (By Consent)

File No. 2007.035; Mizer, Robert

After a discussion, the Board took no further action.

File No. 2007.050; Hutchison, Robert

A motion was made by Samuel L. Fogleman, seconded by Patrick J. Ramirez and passed to offer a Decision & Order (By Consent) to include a civil penalty of \$500.00 for noncompliance with his current Consent Order, which must be paid within 30 days of the date of the Order, and if not accepted within 30 days proceed to file a Complaint and Notice of Hearing for revocation.

File No. 2007.053; Poehner, Janice

A motion was made by James E. May, seconded by Samuel L. Fogleman and passed to offer a Decision & Order (By Consent) for relinquishment of her firm certificate.

Registrant Request Extension to complete Peer Review

File No. 2007.055; Doxey, Marvin, CPA, PC

A motion was made by Samuel L. Fogleman, seconded by Gary W. Fleming and passed to extend his probation status for one year, with an updated engagement letter to be received within 60 days.

Termination of Decision & Orders (By Consent)

File No. 1996.138; Semple & Cooper Unitech

File No. 2003.023; Marchal, Steven, CPA

A motion was made by Samuel L. Fogleman, seconded by Patrick J. Ramirez and passed to terminate the Consent Orders and close the files.

File Nos. 2006.087 & 2006.088; DeGroote, Kevin

A motion was made by Samuel L. Fogleman, seconded by Patrick J. Ramirez and passed to terminate the Consent Order and close the file.

File No. 2007.046; DeBenedetti, Allen

File No. 2007.112; Hanson, David

A motion was made by Samuel L. Fogleman, seconded by Patrick J. Ramirez and passed to terminate the Consent Orders and close the files.

Issues from and regarding the National Association of State Boards of Accountancy (NASBA)

Valerie M. Elliott, Executive Director, reviewed and discussed the following NASBA issues with the Board:

i. Education Committee Rules

Samuel L. Fogleman reviewed the Education Committee Rules and discussed his draft response for the Board to review.

After the Board thanked Samuel L. Fogleman for his draft letter, a motion was made by Samuel L. Fogleman, seconded by Debbi Fitzgerald and passed to send the Board's response to NASBA as drafted.

- ii. NASBA 26th Executive Director Annual Conference, March 2-5, 2008, Austin, Texas Consideration of approval for the Executive Director attendance.
- iii. NASBA 13th Annual Conference for Legal Counsel, March 2-4 2008, Austin, Texas Consideration of approval for the Assistant Attorneys General attendance.

A motion was made by Samuel L. Fogleman, seconded by Patrick J. Ramirez and passed to approve the Executive Director and Assistant Attorneys General to attend the Annual Conference for Executive Directors and Legal Counsel Conferences in Austin, Texas.

- iv. Diagnostic report for CPA Examination candidates

The Board discussed reviewing this topic at their next meeting based on any impact to Arizona candidates.

Issues from and regarding the American Institute of Certified Public Accountants (AICPA)

Valerie M. Elliott, Executive Director, reviewed and discussed the following AICPA issues with the Board:

- i. Letter from Craig Mills Re-reporting Issue
- ii. Exposure Draft – Proposal of Professional Ethics Division
- iii. Improving the Uniform CPA Examination

Request for NTS Extension on Uniform CPA Exam

Judianne Lange

A motion was made by Debbi Fitzgerald, seconded by Samuel L. Fogleman and passed to grant her extension until May 2009.

Request for Inactive Status – A.R.S. § 32-730

Earl Lane Edsall 6689-E

A motion was made by Debbi Fitzgerald, seconded by Samuel L. Fogleman and passed to grant his request for inactive status.

Executive Director Performance Policy Sub-Committee

James E. May reviewed the recommendation from the Executive Director Performance Policy Sub-Committee.

A motion was made by James E. May, seconded by Samuel L. Fogleman and passed to approve the Executive Director Performance Policy as submitted.

EXECUTIVE SESSION

A motion was made by Samuel L. Fogleman, seconded by Patrick J. Ramirez and passed to go into Executive Session at 11:03 a.m. to seek legal advice and review confidential material pursuant to A.R.S. § 38-431.03(A)(2)(3) and (4).

After consideration in Executive Session, the Board reconvened in Open Session at 11:10 a.m.

ITEMS FOR BOARD REVIEW, DISCUSSION AND LEGAL ACTION

Settlement Offer

File Nos. 2006.060, 2007.101, 2008.023; Schatza, Curt and 2007.044, 2007.082; Barrows & Schatza, PLC

A motion was made by Samuel L. Fogleman, seconded by Patrick J. Ramirez and passed to accept the signed Decision & Order (By Consent) for relinquishment of his CPA and Firm Certificates in lieu of disciplinary action and to vacate the scheduled hearing.

2005.064 & 2006.103; Eddows, Denise

A motion was made by Samuel L. Fogleman, seconded by Patrick J. Ramirez and passed to accept the (previous) offered Decision & Order (By Consent) and to vacate the scheduled hearing.

Marianne E. DeVries declared a conflict and did not vote.

SUMMARY OF CURRENT EVENTS

None.

DISCUSSION OF ITEMS TO BE PLACED ON FUTURE MEETING AGENDA

The Board discussed adding the modification regarding cancellation orders and a review of discussion points with NASBA on the Board's next meeting agenda.

ADJOURNMENT

A motion was made by Samuel L. Fogleman, seconded by James E. May and passed to adjourn at 11:15 p.m.

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Marianne E. DeVries, CPA, President

Patrick J. Ramirez, Member, Treasurer

James E. May, Member, Secretary

Debbi Fitzgerald, CPA Member

Gary W. Fleming, CPA Member

Samuel L. Fogleman, CPA, Member